

For: County Offices

Compliance Reviews on FLP Individual and Group-Type Loans

Approved By: State Executive Director

LEF:LEV:lv

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1 Overview

A
Background

Association or group-type loans in FSA's loan portfolio are those serviced under the following FLP loan programs:

- Grazing Association Loan Program (Fund Codes 52, 74, and 94)
- Irrigation and Drainage Loan Program (Fund Codes 51, 76, and 96)
- Indian Land Acquisition Loan Program (Fund Code 98)

In addition, several loans to individuals exist in FSA’s loan portfolio that are serviced under the following FLP loan programs:

- Farm Ownership Loan for Recreation Purposes (Fund Code 48)
- Farm Ownership Loan for Nonfarm Enterprise Purposes (Fund Code 49)

Loans made to group-type borrowers under the Grazing Association and Irrigation and Drainage loan programs, and Farm Ownership (F0) loans initially made to individuals for Nonfarm Enterprise (NFE) or Recreation purposes, are subject to the provisions of the Civil Rights Act of 1964, and must be reviewed for compliance with the Civil Rights Act.

Note: Loans made under the Indian Land Acquisition Loan Program are *not* subject to the provisions of the Civil Rights Act of 1964.

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FILING: Preceding FSA Handbook 6-FLP and FmHA Instructions 1901-E and 1951-E	
Disposal	Distribution
October 1, 2003	STO, DD, COR, COC, COF - Including Farm Loan Programs
05-01-03	Page 1

1 Overview, *Continued*

B
**Review,
Monitoring, and
Reporting
Requirements**

Section 1901.204 (a) of FmHA Instruction 1901-E specifies which types of loans in FSA’s loan portfolio are subject Compliance Reviews for conformance with the provisions of the Civil Rights Act of 1964. Section 1901.204 (c) provides guidance on completing the required Compliance Reviews for FO-NFE and Recreation loans made to individuals, and Section 1901.204 (d) provides guidance for completing the required Compliance Reviews for Grazing Association and Irrigation and Drainage loans made to organizations.

Compliance Reviews are required every 3 years, or whenever there is a change in ownership, for as long as FSA’s financial assistance is outstanding.

Section 1901.204 (f) requires the maintenance of a list of all reviews conducted during the reporting year, and requires that that a copy of this list and the names of borrowers in noncompliance be submitted through STO to the Administrator no later than July 31 each year.

In addition to the requirements of FmHA Instruction 1901-E, the National Office issued now expired Notice FC-89 on November 21, 1996 designating and directing District Directors (DDs) to:

- conduct the required Compliance Reviews
 - document the results of their reviews in each case file
 - report the findings of the Compliance Reviews to the SED
 - manually track the due dates for future reviews.
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C
Purpose

The purpose of this Oregon Notice is to :

- make minor corrections in and replace expired Oregon Notice FLP-119
 - provide a list of FSA Compliance Review Officers who received their designations under Notice FC-89 or as a result of receiving Compliance Review training
 - remind DDs, FLMs, FLOs, and CEDs of the need to schedule, conduct, and supply copies of the required Compliance Reviews.
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2 Compliance Reviews

A
Listing of
Compliance
Review Officers

Section 1901.204 (c) of FmHA Instruction 1901-E permits Compliance Reviews for FO-NFE and Recreation loans to individuals to be completed by County Supervisors (Farm Loan Managers).

Section 1901.204 (d)(1) of FmHA Instruction 1901-E provides authority for SEDs to designate FSA employees as Compliance Review Officers for completing required Compliance Reviews on Grazing Association and Irrigation and Drainage loans made to organizations after they have received approved Compliance Review training.

The FSA employees shown in the following table have performed Compliance Reviews on Grazing Association and Irrigation and Drainage loans made to organizations, are adequately trained to do so, and their previous designations as Compliance Review Officers made in previous Oregon Notices is hereby continued until such time as this designation may be modified, revised or revoked in writing.

Name	Title	Location
Charles E. Newhouse	District Director	Umatilla County
Richard D. Block	District Director	Marion County
Harvey C. Bush	District Director	Klamath County
Merle E. Blackburn	Farm Loan Manager	Wasco County
Dennis J. Dines	Farm Loan Manager	Malheur County
Daniel W. Mast	Farm Loan Manager	Coos County
Nancy L. Thompson	Farm Loan Manager	Washington County

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2 Compliance Reviews, *Continued*

B

**Compliance
Review Reports**

Section 1901.204 (c) of FmHA Instruction 1901-E permits the results of Compliance Reviews for FO-NFE and Recreation loans to individuals to be recorded in the running record of the borrower’s case file.

For Grazing Association and Irrigation and Drainage loans made to organizations, Section 1901.204 (d) of FmHA Instruction 1901-E requires the use of Form RD 400-8, "Compliance Review," in completing, recording and documenting the results of the review.

In order to add consistency and assure that all appropriate factors are always considered in the completion of required Compliance Reviews for FO-NFE and Recreation loans to individuals, required Compliance Reviews for all borrowers in Oregon shall be completed and documented on Form RD 400-8, "Compliance Review," prepared in accordance with the Forms Manual Insert (FMI) and the guidance provided in FmHA Instruction 1901-E.

The original Form RD 400-8 will be sent to the SED with a transmittal memorandum following the format prescribed in Exhibit A of FmHA Instruction 1901-E. If a borrower is found to be in non-compliance, any additional information which led to the finding will also be included with the transmittal memorandum. A copy of the original Form RD 400-8 will be filed in the borrower’s FSA case file.

C

**Public and
Minority Contacts**

Compliance Reviews will include documented public contacts with community leaders, including informed minority leaders in the area. Appropriate documentation of these contacts will be included in Part XI of Form FmHA 400-8, and submitted with each completed review.

3 Action

A
District Director
Action

Exhibit 1 of this Oregon Notice contains a list of individual and group-type loan recipients in Oregon.

DDs are responsible for scheduling the timely completion of Compliance Reviews for Grazing Association and Irrigation and Drainage loans made to organizations. If DDs require assistance in completing their required reviews, it may be requested from other designated Compliance Review Officers listed in Subparagraph 2 A of this Oregon Notice.

With the assistance of FLMs and FLOs, DDs are also responsible for assuring that security checks and other servicing actions are completed as required under FSA Handbook 6-FLP.

B
FLM Action

Exhibit 1 of this Oregon Notice contains a list of individual and group-type loan recipients in Oregon.

FLMs are responsible for scheduling the timely completion of Compliance Reviews for FO-NFE and Recreation loans to individuals. FLMs are responsible for assisting and supporting DDs in accomplishing their group-type account Compliance Review and security servicing responsibilities. This includes the calendaring and completion of security checks and other required servicing actions, and the calendaring and scheduling of Compliance Reviews required under FmHA Instruction 1901-E.

C
Posters and
Posting

The "And Justice for All" poster is required to be prominently displayed on all COF bulletin boards and at the project sites for individual and group-type borrowers who have received loans under the FO-NFE, FO-Recreation, Grazing Association, and Irrigation and Drainage Loan Programs. All offices must display the Secretary's Civil Rights Policy Statement, and the Secretary of Agriculture's Memorandum on Civil Rights and Equal Opportunity. DDs and FLMs should contact Tami Hiltz in the STO for advice on obtaining any needed items.

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3 Action, Continued

D

Reporting

Compliance Reviews are required every 3 years, or whenever there is a change in association ownership.

DDs need to send a transmittal memorandum similar to Exhibit A of FmHA Instruction 1901-E, together with their original Compliance Reviews on Form FmHA 400-8, to the FLP staff in the STO as the Compliance Reviews are completed, but in any event, **no later than July 20** of each year. Copies of inspection reports for annual security checks, annual reports, proposed budgets, etc. may be submitted as completed or obtained at a later date.

The STO is required to submit copies of the completed Compliance Reviews with a summary report similar to Exhibit B of FmHA Instruction 1901-E to National Office by no later than July 31 of each year.

4 Contacts

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Contact Persons

Direct questions concerning required Compliance Reviews or this Oregon Notice to Lynn Voigt or Tami Hiltz in the FLP section in the STO.

Individual and Group-Type FLP Loans Requiring Compliance Reviews

Borrower Name	Case Number	County	Fund Code	No. Loans	Last Review	Next Review
Allen Canyon Sprinkler Association	43-32-931046217	Wallowa	96	2	10-03-00	10-03-03
Arrowhead Pipeline Association	43-32-930938281	Wallowa	96	1	10-03-00	10-03-03
B F & H Pipe Company	43-32-930770958	Wallowa	96	1	10-04-00	10-04-03
Bald Knob Sprinkler Association	43-32-930938866	Wallowa	96	2	09-28-01	09-28-04
Bell “A” Grazing Cooperative	43-13-930558781	Harney	94	1	10-24-00	10-24-03
Big Creek Ditch Company	43-01-930728779	Baker	96	2	07-25-01	07-25-04
Black Rock Grazing Cooperative	43-33-930578330	Wasco	94	1	09-12-02	09-12-05
Bridges, Kathy J. (NFE)	43-24-	Marion	49	1	09-10-02	09-10-04
Chamberlin Ditch Company	43-32-931038994	Wallowa	96	1	10-03-01	10-03-04
Cow Lakes Grazing Association	43-23-930696333	Malheur	94	1	08-07-01	08-07-04
Dailey, Milburn P. Jr. (NFE)	43-01-	Baker	49	1	12-04-02	12-04-05
Imnaha Sprinkler Association	43-32-937229719	Wallowa	96	1	10-03-00	10-03-03
Mahogany Creek Grazing Cooperative	43-23-930579473	Malheur	94	2	10-20-00	10-20-03
Otis Valley Irrigation Company	43-13-936032787	Harney	96	1	10-11-01	10-11-03
Pine Creek Grazing Association	43-33-930739623	Wasco	94	1	08-19-02	08-19-05
Pine Hollow Cooperative, Inc.	43-33-930588050	Wasco	96	1	10-30-01	10-30-04
Reavis Pipeline Association	43-32-930708625	Wallowa	96	1	10-04-00	10-04-03
Ruby Peak Sprinkler Association	43-32-930684067	Wallowa	96	1	10-04-01	10-04-04
South Mountain Grazing Association	43-23-930561502	Malheur	94	1	10-20-00	10-20-03
Succor Creek District Improvement Co.	43-23-930801336	Malheur	96	1	08-07-01	08-07-04
Trask Drainage District	43-29-541349872	Tillamook	96	1	07-29-02	07-29-05